

January 9, 2007

RE: Support for House Bill 34

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***LigoCyte background:***

LigoCyte was founded in 1994 with 1 full time employee and two small service contracts. The Company operated on minor equity infusions from founders, individual investors, and additional receipts from small research grants for 5 years. No substantive equity was received until 1999 when Glacier Venture Fund and Corixa Corp. agreed to invest \$1,200,000 in the Company. Total equity to date is slightly over \$2,000,000.

Despite such low equity capitalization the past 10 years the Company has survived and thrived. Today LigoCyte has grown into a first class drug research and development Company with two drug compounds soon to be entering clinical trials and eventually being approved for use in improving human health.

***Company Highlights:***

6 active drug programs  
Partnership with Abbott Laboratories, Inc.  
Average salaries double the State norm  
Current number of employees 47  
2006 estimated revenue \$8,500,000  
Ph.D. employees 14  
MSU/UM graduates 28  
Several collaborations with MSU  
Non-polluting industry

In addition, the Company recently constructed and moved into a state-of-the-art lab and office facility that adds over \$3,000,000 of taxable value to the tax base of Gallatin County.

The need for equity capital in Montana cannot be overemphasized. LigoCyte has had many successes during its life but they have come with enormous struggles. Attracting adequate capital to our business has been the single most limiting factor we have experienced to date. Our inability to attract capital has added years to our development plans. A key value driver for our Company is our ability to partner out later stage drugs. A partnering deal brings in millions in up-front and milestone payments as well as millions more in royalties once the drug reaches the market. Those dollars are an

important source of long term capital. Our problem is this: It takes significant cash to develop a drug to the partnering stage. That's where equity capital dollars become so important.

Most venture firms in our industry are located on the east and west coast areas. Many of them perceive Montana too inconvenient to seriously consider. We, however, are committed to the State and know of many other high tech businesses in our area who also believe in Montana.

House Bill 34 has the potential to make an enormous difference in this wonderful State. In the Bozeman area alone there are in excess of 100 small high tech firms who possess plausible ideas and working business models but are unable to progress because funding has not been available. Many of these firms will die if the lifeblood they need is not soon found. Banks can rarely lend to these companies because collateral is not available. Venture capital is the only solution. House Bill 34 can be a major contributor to that solution.

Thank you for your consideration.